



Los Angeles County **REGISTRAR-RECORDER/COUNTY CLERK**

DEAN C. LOGAN
Registrar-Recorder/County Clerk

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

August 20, 2013

19 August 20, 2013

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Sachi A. Hamai
SACHI A. HAMAI
EXECUTIVE OFFICER

Dear Supervisors:

**RECOMMENDATION TO APPROVE AMENDMENT NUMBER SIX TO THE
ELECTION SYSTEMS & SOFTWARE, LLC CONTRACT NUMBER 73635
(ALL SUPERVISORIAL DISTRICTS) (3 VOTES)**

SUBJECT

The Los Angeles County Registrar-Recorder/County Clerk (RR/CC) seeks to execute a contract amendment with Election Systems & Software (ESS), LLC to exercise the last one-year option extension and six one-month option periods concurrently, effective September 1, 2013 through February 28, 2015, in exchange for providing Absentee Voter (Vote-by-Mail) ballot material processing services at a reduced cost.

IT IS RECOMMENDED THAT THE BOARD:

1. Delegate authority to the Director of the RR/CC, or designee to execute an amendment (substantially similar to the attached amendment) to Contract Number 73635 with ESS, provided that County Counsel approval is obtained prior to initiating any such action. The contract's current option term expires on August 31, 2013. Under Amendment Number Six, the last one-year option extension and six month-to-month option extensions will be exercised concurrently, effective September 1, 2013 through February 28, 2015, in exchange for a reduction in costs.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The current option extension began on September 1, 2012, and expires on August 31, 2013. The purpose of the recommended actions will enable the Contractor to continue providing critical automated Vote-by-Mail ballot processing services for all scheduled and special elections for the

remainder of the option terms, effective September 1, 2013 through February 28, 2015 in exchange for a reduced cost.

Under the contract's current payment structure, the RR/CC's costs rise as the number of voters opting to vote by mail in Los Angeles County increases. In an effort to reduce costs, the RR/CC approached the Contractor and proposed modifying the current payment structure from a per-service-fee to a flat fee. Currently, ESS charges a total of \$0.25 per envelope resulting in a variance in cost due to the number of envelopes processed per election. From 2002 to 2012 the number of registered permanent Vote-by-Mail voters has increased from approximately 157,000 to 1.2 million, an increase of 764 percent.

ESS agreed to provide a flat fee for processing ballot return envelopes (incoming mail process) which resulted in significant savings to the County, in exchange for exercising the last one-year option and six month-to-month option extensions, for a total of 18 months. The Contractor's offer includes transitioning from a per-service-fee to a flat fee plus a continuation of the six percent contract cost reduction currently in effect. The flat fee will place a spending cap on costs. This effort will generate a minimum estimated Net County Cost (NCC) savings of approximately \$200,000. The cost savings are a result of: (1) changing payment structure from a per-service-fee to a flat fee as related to services provided during the incoming Vote-by-Mail ballot process and (2) extending the six percent discount that was initially implemented through the Contract Extension/Cost Reduction initiative that would have otherwise expired on August 31, 2013.

The extension will allow the Contractor to continue to perform critical election operations without an interruption in services at a substantially reduced cost.

Implementation of Strategic Plan Goals

This request supports the County Strategic Plan Goals Number 1: Operational Effectiveness:

"Maximize the effectiveness of processes, structure, and operations to support timely delivery of customer-oriented and efficient public services" and

Number 2: Fiscal Sustainability: "Strengthen and enhance the County's capacity to sustain essential County services through proactive and prudent fiscal policies and stewardship."

FISCAL IMPACT/FINANCING

The total contract amount for the entire term is \$12,838,800. The remaining balance for this Agreement is \$3,233,946, which will be used through February 28, 2015. As a result of this Amendment, the Department will save approximately \$200,000 of this amount. These savings impact the County positively since this Agreement is funded in its entirety by NCC funds.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The RR/CC is responsible for registering voters and maintaining voter files, conducting Federal, State, Local and Special Elections, and verifying initiatives, referendums, and recall petitions. The County is the largest and most complex election jurisdiction in the nation with more than 500 political districts and 4.3 million registered voters. Pursuant to the California Elections Code Section 3201, any registered voter can Vote-by-Mail.

The Agreement with ESS (formerly Global Elections Systems, Diebold, and Premier) was executed

on September 4, 2001. Since then, various contract change notices and Amendments have been granted to either enhance the scanning and mailing system to comply with changes in the regulatory environment, reduce costs, or make necessary modifications to the Agreement to update pertinent information as requested by either the County or the Contractor. Additionally, the County has extended the initial term and exercised option extensions. At this time, a total of 18 months of option terms remain on the contract.

CONTRACTING PROCESS

Pursuant to this Amendment, the Department will exercise the last one-year option and six month-to-month option extensions, which will extend this Agreement until February 28, 2015.

The Contractor has met contract performance standards to recommend the extension.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Los Angeles County processes more Vote-by-Mail ballots than any other county in California. Approval of this extension will result in a substantial savings to the County as we continue mission critical services and provide the necessary resources for processing the high volume of Vote-by-Mail ballots that enable the County to meet functional, business and legal requirements mandated by Federal and State laws.

During the extension period, the Contractor will provide automated Vote-by-Mail processing services for the following elections: (1) UDEL on November 5, 2013; (2) Statewide Primary on June 3, 2014; (3) Statewide General on November 4, 2014; and (4) Special Elections, to be determined.

CONCLUSION

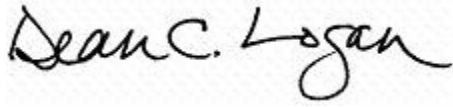
Approval of delegated authority to the Registrar-Recorder/County Clerk to extend this Agreement for the last one-year option period and six month-to-month option extensions will lock in significant savings and continue to provide election critical services to the residents of Los Angeles County.

The Honorable Board of Supervisors

8/20/2013

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Respectfully submitted,

A handwritten signature in black ink that reads "Dean C. Logan". The signature is written in a cursive, flowing style.

DEAN C. LOGAN

Registrar-Recorder/County Clerk

DCL:RF:APL

PHT:FEP:ca

Enclosures

c: Chief Executive Office
County Counsel
Chief Information Office

**AMENDMENT NUMBER SIX
TO AGREEMENT 73635
WITH
ELECTION SYSTEMS & SOFTWARE, LLC
FOR
ABSENTEE VOTER BALLOT MATERIAL PROCESSING**

**AMENDMENT NUMBER SIX
TO AGREEMENT 73635
WITH ELECTION SYSTEMS & SOFTWARE, LLC
FOR ABSENTEE VOTER BALLOT MATERIAL PROCESSING**

This Amendment Number Six ("Amendment Number Six") to Agreement Number 73635 ("Agreement") is entered into this _____ day of _____, 2013 by and between County of Los Angeles, a political subdivision of the State of California ("County") and Election Systems & Software, LLC ("Contractor"). County and Contractor are sometimes hereinafter referred to collectively as the "Parties" and each individually as a "Party."

WHEREAS, the Agreement was originally entered into by and between County and Global Election Systems, Inc. ("Global") and approved by the County's Board of Supervisors on September 4, 2001;

WHEREAS, under that certain Change Notice Number One to the Agreement dated January 22, 2002, the Agreement was amended to reflect, among other things, a change in the identity of Contractor's Project Manager;

WHEREAS, under that certain Change Notice Number Two to the Agreement dated January 29, 2002, the Agreement was further amended to, among other things, approve subcontracting of the inserting process of the Absentee Voter Ballot Material processing;

WHEREAS, under that certain Change Notice Number Three to the Agreement dated August 8, 2003, the Agreement was further amended to reflect, among other things, (i) the acquisition of Global by Diebold Elections Systems, Inc. and (ii) a further change in the identity of Contractor's Project Manager;

WHEREAS, under that certain Change Notice Number Four to the Agreement dated February 18, 2004, the Agreement was further amended to reflect, among other things, a further change in the identity of Contractor's Project Manager;

WHEREAS, under that certain letter from County to Contractor dated August 18, 2004, County exercised its option to extend the term of the Agreement for a six-month period from September 5, 2004 through March 4, 2005;

WHEREAS, under that certain Change Notice Number Six to the Agreement dated January 19, 2005, County exercised its option to further extend the term of the Agreement for an additional 90-day period from March 5, 2005 through June 2, 2005;

WHEREAS, under that certain Amendment Number One to the Agreement dated June 2, 2005, the Agreement was further amended to, among other things, (i) replace Exhibit A (Statement of Work) with a new Exhibit A1 (Statement of Work) (Amended June 2, 2005) and; (ii) further extend the term of the Agreement for one-year period from June 3, 2005 through June 2, 2006;

WHEREAS, under that certain Change Notice Number Seven to the Agreement dated April 7, 2006, the Agreement was further amended to, among other things, (i) replace Exhibit A1 (Statement of Work) (Amended June 2, 2005) with a new Exhibit A1 (Statement of Work) (Amended April 7, 2006) and; (ii) replace Exhibit B (Price Matrix) with a new Exhibit B (Price Matrix) (Revised October 19, 2005);

WHEREAS, under that certain Change Notice Number Eight to the Agreement dated May 1, 2006, County exercised its option to further extend the term of the Agreement for an additional one-year period from June 3, 2006 through June 2, 2007;

WHEREAS, under that certain Change Notice Number Nine to the Agreement dated March 12, 2007, County exercised its option to further extend the term of the Agreement for an additional 90-day period from June 3, 2007 through August 31, 2007;

WHEREAS, under that certain Amendment Number Two dated July 31, 2007 the Agreement was further amended to, among other things, (i) extend the term of the Agreement for an additional three-year period commencing September 1, 2007 through August 31, 2010, (ii) provide County with options to further extend the term of the Agreement for two (2) one-year periods and six (6) month-to-month periods; (iii) increase the Contract Sum by \$3,864,000; (iv) replace the current Exhibit A1 (Statement of Work) (Amended April 7, 2006) with a new Exhibit A1 (Statement of Work) (Amended September 1, 2007); and (v) replace the current Exhibit B (Price Matrix) (Revised June 1, 2006) with a new Exhibit B (Price Matrix) (Revised September 1, 2007);

WHEREAS, under that certain Change Notice Number Ten to the Agreement dated September 6, 2007, County amended the Agreement to recognize the corporate name change for Premier Election Solutions;

WHEREAS, under that certain Change Notice Number Eleven to the Agreement dated April 17, 2008, County amended the Agreement to, among other things, (i) incorporate the requirements and cost of modified return envelopes and provide for any urgent additional orders, (ii) replace the current Exhibit B (Price Matrix) (Revised September 1, 2007) with a new Exhibit B (Price Matrix) (Revised March 6, 2008);

WHEREAS, under that certain Amendment Number Three dated October 23, 2009, pursuant to the Board of Supervisors approval of the Contract Extension/Cost Reductions initiative, the Agreement was further amended to, among other things, (i) extend the Initial Term of the Agreement for an additional two-year period thereby extending the base contract coverage period to August 31, 2012, (ii) increase the Contract Sum by \$5,000,000 to account for the term extension; (iii) replace the current Exhibit B (Price Matrix) (Revised March 6, 2008) with a new Exhibit B (Price Matrix) (Revised September 15, 2009);

WHEREAS, under that certain Change Notice Number Twelve to the Agreement dated February 3, 2010, the Agreement was further amended to, recognize the purchase of Premier Election Solutions from Diebold to Election Systems & Software;

WHEREAS, under that certain Amendment Number Four dated August 2, 2011, the Agreement was further amended to, among other things, (i) exercise the first option year extension with a continuation of the 6% price reduction which originated under the Board's Contract Extension/Price Reduction Program; (ii) exercise the authority granted to the Registrar-Recorder/County Clerk to increase the Contract Sum by 20% or \$1,772,800; (iii) change the identity of County's Project Director; (iv) change the identity of County's Project Manager; (v) change the identity of County's Project Monitor; (vi) replace the current Exhibit A1 (Statement of Work) (Amended September 1, 2007) with a new Exhibit A1 (Statement of Work) (Amended July 1, 2011); and (vii) replace the current Exhibit B (Price Matrix) (Revised September 15, 2009) with a new Exhibit B (Price Matrix) (Revised July 1, 2011);

WHEREAS, under that certain Amendment Number Five dated January 25, 2012 the Agreement was further amended to, among other things, (i) recognize the merger of Premier Election Solutions, Inc. with and into Election Systems & Software, Inc; and (ii) recognize the restructuring of Election Systems & Software, Inc. to a limited liability company, Election Systems & Software, LLC;

WHEREAS, the County and Contractor wish to further amend the Agreement to, among other things, (i) exercise the last option one year extension and six month-to-month option periods effective September 1, 2013 through February 28, 2015; (ii) continue the six (6) percent price reduction which originated under the Board's Contract Extension/Price Reduction Initiative; (iii) replace Paragraph 12.1 (Indemnification) with a new Paragraph 12.1 (Indemnification); (iv) replace Paragraph 6.0 (Term), subparagraph 6.4, with a new Paragraph 6.0 (Term), subparagraph 6.4; (v) replace the current Exhibit B (Price Matrix) (Revised July 1, 2011) with a new Exhibit B (Price Matrix) (Revised September 1, 2013) to reflect the transition from a per-service-fee to a flat fee; and (vi) add Paragraph 52.0 (Guidelines for Media Sanitation); and

WHEREAS, this Amendment Number Six is made pursuant to Paragraph 4.0 (Change Notices and Amendments) of the Agreement.

NOW THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Agreement, as previously amended, is hereby further amended as follows:

1. Pursuant to Paragraph 6.0 (Term), Paragraphs 6.2 and 6.4 of the Agreement, County hereby exercises its authority to extend the Agreement for all remaining option periods, including the last "Extension Year" and six (6) month-to-month option periods, effective from September 1, 2013 through February 28, 2015.
2. Continues the six (6) percent price reduction which originated pursuant to the Board of Supervisor's Contract Extension/Price Reduction Initiative pursuant to Amendment Number Three dated October 23, 2009.

3. Paragraph 6.0 (Term), subparagraph 6.4, of the Agreement is hereby deleted in its entirety and shall be replaced by a new Paragraph 6.0 (Term), subparagraph 6.4, to read as follows:

6.4 County further authorizes Registrar-Recorder/County Clerk, or his designee, at his or her discretion, to authorize additional month-to-month extensions of the Term for a period not to exceed six (6) months, at the end of the initial Term or each Extension year, if exercised. Contractor agrees that such extension(s) shall be at the rate (s), terms and conditions in accordance with Exhibit B.

4. Paragraph 12.1 (Indemnification), of the Agreement is hereby deleted in its entirety and shall be replaced by a new Paragraph 12.1 (Indemnification), to read as follows:

12.1 INDEMNIFICATION

The Contractor shall indemnify, defend and hold harmless the County, its Special Districts, elected and appointed officers, employees, agents and volunteers ("County Indemnitees") from and against any and all liability, including but not limited to, demands, claims, actions, fees, costs and expenses (including attorney and expert witness fees), arising from and/or relating to this Contract, except for such loss or damage arising from the sole negligence or willful misconduct of the County Indemnitees.

5. Exhibit B (Price Matrix) (Revised July 1, 2011) of the Agreement is hereby deleted in its entirety and shall be replaced with a new Exhibit B (Price Matrix) (Revised September 1, 2013), a true and correct copy of which is attached hereto and incorporated herein by this reference.
6. Adds a new Paragraph 52.0 (Guidelines for Media Sanitation) to the Agreement to read as follows:

52.0 GUIDELINES FOR MEDIA SANITATION

Contractor(s) and Vendor(s) that have maintained, processed, or stored the County of Los Angeles ("County") data and/or information, implied or expressed, have the sole responsibility to certify that the data and information have been appropriately destroyed consistent with the National Institute of Standards and Technology (NIST) Special Publication SP 800-88 titled Guidelines for Media Sanitization, available at: <http://csrc.nist.gov/publications/PubsDrafts.html#SP-800-88-Rev.%201>.

The data and/or information may be stored on purchased, leased, or rented electronic storage equipment (e.g., printers, hard drives) and electronic devices (e.g., servers, workstations) that are geographically located within the County, or external to the County's boundaries.

The County must receive within ten (10) business days, a signed document from Contractor(s) and Vendor(s) that certifies and validates the data and information were placed in one or more of the following stored states: unusable, unreadable, and indecipherable.

Vendor shall certify that any County data stored on purchased, leased, or rented electronic storage equipment and electronic devices, including but not limited to, printers, hard drives, servers, and/or workstations are destroyed consistent with the current National Institute of Standard and Technology (NIST) Special Publication SP-800-88, Guidelines for Media Sanitization. Vendor shall provide County with written certification, within ten (10) business days of removal of any electronic storage equipment and devices that validates that any and all County data was destroyed and is unusable, unreadable, and or undecipherable.

7. Except as otherwise provided under this Amendment Number Six, the Agreement, as previously amended, and including all preambles and recitals set forth herein and therein, shall remain unchanged and in full force and effect.

**AMENDMENT NUMBER SIX
TO AGREEMENT 73635
WITH ELECTIONS SYSTEMS & SOFTWARE, LLC
FOR ABSENTEE VOTER BALLOT MATERIAL PROCESSING**

IN WITNESS WHEREOF, the Board of Supervisors of the County of Los Angeles has caused this Amendment Number Six to be subscribed on its behalf by the Registrar-Recorder/County Clerk or his/her designee and the Contractor has subscribed the same through its duly authorized officer as of the day, month and year first above written. The persons signing on behalf of Contractor warrant under penalty of perjury that he or she is authorized to bind the Contractor.

COUNTY OF LOS ANGELES

DEAN C. LOGAN
Registrar-Recorder/County Clerk

ELECTION SYSTEMS & SOFTWARE, LLC

AUTHORIZED SIGNATURE

PRINT OR TYPE NAME

TITLE

Tax Identification Number

APPROVED AS TO FORM:

JOHN F. KRATTLI
County Counsel

By _____
Brandi Miles Moore
Senior Deputy County Counsel

**ABSENTEE VOTER BALLOT (VOTE-BY-MAIL) MATERIAL PROCESSING
PRICE MATRIX**

(Amended September 1, 2013)

The billing components of the Agreement shall consist of six major components: Materials, Outgoing Mail, Incoming Mail, Automated Signature Recognition (ASR), Miscellaneous Services, and Reduction/Discount. The unit price for each component shall be based on actual materials and/or services performed. Price shall include any and all charges including shipping, delivery cost, and all applicable taxes. Contractor shall invoice County for materials provided and services performed in accordance with this Price Matrix.

I. MATERIALS:

- A. Outgoing Window Envelopes:
 - 1. First Class
 - 2. Federal Frank (Military/Overseas) Indicia
 - 3. Blank Indicia for Metering
 - 4. Non-Profit
- B. Return Envelopes
 - 1. Courtesy Reply
 - 2. Business Reply Conforming to Qualified Business Reply Mail (QBRM) Standards
 - 3. Federal Frank – Military
 - 4. Federal Frank – Overseas

II. OUTGOING MAIL PROCESS: The unit price shall include, but is not limited, to the following processes:

- A. Voter data extract processing, bar coding and inkjet printing of voter specific variable data on the custom ballot return envelope.
- B. On demand envelope printing per voter. VoteRemote and Counter software used for distribution of ballots to voters.
- C. Automated inserting of absentee ballot materials per Road Maps (15+ groups).
- D. Automated sorting of absentee ballot materials by postal Sectional Center Facility (SCF).
- E. On-Site Project Management.

III. INCOMING MAIL PROCESS: SCHEDULED ELECTIONS AND SPECIAL ELECTIONS: The flat fee unit price shall include, but is not limited, to the following processes:

- A. Basic Data Capture to support the Voter Signature Verification return database containing the Voter Information Management System (VIMS) Absentee Voter Identification Number specified order or group in a tray. This database is delivered to RR/CC on electronic media.
- B. VoteRemote Signature Capture which supports item A. above additionally provides data elements consisting of signature clips associated with the tray envelopes. The form of the data will be compressed TIFF files named with the Absentee Voter identification.
- C. Automated Signature Recognition (ASR) is a specialized computer software program that compares signatures on absentee ballot with registered voter signature on file.
- D. RR/CC will provide the Contractor with a written report of its use of ASR within 30 days of each Election. The Contractor will invoice County based on the attached pricing structure.

IV. AUTOMATED SIGNATURE RECOGNITION SET-UP:

Contractor shall install ASR capability on one or more computers at the RR/CC Headquarters facility in Norwalk for use by or at the direction of Contractor to provide services to County. ASR will run on a dedicated PC with enough licenses to account for the county's volume over each 12-month period. Pricing per license based on attached pricing structure.

V. MISCELLANEOUS TIME AND MATERIALS CHARGE, EMERGENCY/RUSH ORDERS:

- A. An hourly rate for non-scheduled services (processing, maintenance, etc.) as requested and agreed to by the RR/CC.
- B. A per piece rate for non-scheduled emergency/rush envelope orders as requested and agreed to by the RR/CC. Price includes custom United States Postal Service (USPS) approved envelope and any product modifications.
- C. Due to unforeseen special circumstances, there may be a need for special products or services that are crucial to the success of an election. If such a determination is made by Registrar-Recorder/County Clerk or designee, Contractor shall provide RR/CC with a cost estimate for review and approval. No such product or service shall be provided by Contractor without written approval of Registrar-Recorder/County Clerk or designee. At no time shall the cost of the product or service in conjunction with other Vote-by-Mail services provided in the Agreement exceed the maximum contract sum approved by the Board of Supervisors.

VI. REDUCTION/DISCOUNT

- A. Extend the current six percent (6%) pre-tax cost reduction currently in place, for the contract extension effective September 1, 2013 through February, 28, 2015.

All invoices shall reference each component and specific description category as referenced herein:

	COMPONENT NO.	DESCRIPTION	UNIT PRICE
1	Materials	a. Custom USPS approved, windowed envelope b. Custom USPS approved, punched hole, flood coated, reply envelope	\$0.06 \$0.055
2	Outgoing Mail Process	a. VoteRemote Software & Management b. Ink Jet Printing, County Supplied Option for discount Pricing c. Automated Inserting on NEW state of the art equipment: Inserting of Absentee voter ballot material per Road Maps (15+ groups) d. Mailware Software : Address accuracy, standardization, and CASS report e. Mail Sort and Preparation	\$0.23 \$0.03 \$0.16 \$0.04 \$0.04
3	Incoming Mail Process-Scheduled Elections and Special Elections Note: (Special Elections are any election outside of the November 5 th , 2013 UDEL Election, June 3 rd , 2014 Primary Election, and the November 4 th 2014 General Election)	a. VoteRemote Signature Capture and Signature Verification scanning process: Signature Capture w/clipped image to VIMS voter registration system b. Flat Fee Scheduled Elections included in Flat Fee <ul style="list-style-type: none">November 5th 2013 UDELJune 3rd, 2014 PrimaryNovember 4th, 2014 General c. Flat Fee Special Elections included in Flat Fee <ul style="list-style-type: none">Flat Fee for County Wide Special ElectionsFlat Fee for non-County Wide Special Elections *Amount to be invoiced after each election	 \$24,400 \$68,518 \$125,582 \$65,000 \$1,000
4	ASR Set-Up	a. One time setup charge per CPU (Each CPU is capable of handling 1.5 million ASR attempts in a 12-month period. During peak years it may be necessary to install a secondary ASR machine.)	\$6,000 (note reduction from \$9,000 in prior contract)
5	Miscellaneous, Time & Materials	a. Time & Material charge for non-scheduled processing, maintenance, etc. b. Charge for emergency/rush envelopes c. Other Products or Services as necessary as determined by RR/CC or designee.	\$75.00/HR \$0.08 TBD
6	6% Reduction/Discount	a. Cost reduction/discount (Expires 2/28/15)	6%